

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Terry MacRae is a member of the California Travel & Tourism Commission (the “CTTC”). The CTTC adopted a conflict of interest code, effective October 14, 2001. As a member of the CTTC, Respondent is a designated employee of the CTTC, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),<sup>1</sup> and in the CTTC’s conflict of interest code.

Under the Act and the CTTC’s conflict of interest code, each designated employee of the CTTC was required to file an initial statement of economic interests within 30 days after the effective date of the conflict of interest code, disclosing the reportable economic interests that he or she held during the 12 months before the effective date of the conflict of interest code.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

In this matter, Respondent failed to timely file an initial statement of economic interests by the November 13, 2001 due date.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

As a designated employee of the California Travel & Tourism Commission, Respondent Terry MacRae failed to timely file an initial statement of economic interests by November 13, 2001, in violation of Section 87300 of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency’s conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests, disclosing their reportable investments, business positions, interests in real property, and other income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the persons who are to be designated in an agency’s conflict of interest code are the officers, employees, members, and

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the person's economic interests.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require each designated employee to file an initial statement of economic interests within 30 days after the effective date of the conflict of interest code, disclosing investments, business positions, and interests in real property held on, and income received during the 12 months before the effective date of the conflict of interest code.

Under the provisions of the CTTC's conflict of interest code, each designated employee must file his or her statements of economic interests with the CTTC, which shall retain a copy of the statement, and forward the original to the Fair Political Practices Commission (the "FPPC"), which has been designated in the CTTC's conflict of interest code as the filing officer for the CTTC.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

### **SUMMARY OF THE FACTS**

Respondent is a member of the California Travel & Tourism Commission. The CTTC adopted a conflict of interest code, effective October 14, 2001. As a member of the CTTC, Respondent is a designated employee of the CTTC, as defined in Section 82019, subdivision (c), and in the CTTC's conflict of interest code.

Under the CTTC's conflict of interest code, Respondent was required to file an initial statement of economic interests within 30 days after the effective date of the conflict of interest code. As such, Respondent was required to file an initial statement of economic interests by November 13, 2001.

Respondent failed to file an initial statement of economic interests by the November 13, 2001 due date, in violation of Section 87300.

On January 3, 2002, Sue Coyle, the filing officer for the CTTC, sent Respondent a blank statement of economic interests, along with instructions for completing the form and an explanation of his filing obligation.

On February 7, 2002, Emily Bowden of the SEI Unit of the FPPC sent a letter to Respondent, advising him that his initial statement of economic interests was past due, and asking that it be filed within 30 days. On July 2, 2002, after receiving no reply from Respondent, Ms. Bowden sent a second letter to Respondent, stating that his initial statement of economic interests still had not been received, and urging Respondent to file the statement within ten days. When the statement was not filed in response to Ms. Bowden's letters, the matter was then referred to the Enforcement Division.

On August 15, 2002, Mary Ann Kvasager, the SEI Coordinator for the Enforcement Division, contacted Respondent by telephone. During that conversation, Ms. Kvasager advised

Respondent that his initial statement of economic interests was past due, and instructed him to file the statement immediately.

Respondent filed his initial statement of economic interests on September 3, 2002.

### **CONCLUSION**

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). Under the SEI Expedited Procedures adopted by the Fair Political Practices Commission in July 1999, the approved administrative penalty for a person who files a delinquent statement of economic interests within 30 days of being contacted by the SEI Coordinator for the Enforcement Division, and agrees to an early resolution of the matter, is between \$200-\$300. In this case, Respondent filed his delinquent statement 19 days after being contacted by the Enforcement Division SEI Coordinator. Therefore, the facts of this case justify imposition of the agreed upon penalty of Three Hundred Dollars (\$300).